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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/22/06

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- (1) WBC: Oh's team now on to top of the world
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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 21

NIHON KEIZAI (Page 2) (Full)
March 22, 2006

09:37

Attended the ceremony for the Spring Imperial Ancestors' Day at the Imperial Palace.

10:52

Returned to his official residence.

11:10

Met with Defense Agency Director General Nukaga.

Spent the afternoon at his official residence.

4) Bush calls Koizumi his "best buddy," citing Japan as model for Iraq

NIHON KEIZAI (Page 2) (Full)
March 22, 2006

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Hiroshi Maruya, Washington

"Prime Minister Junichiro Koizumi is one of my best buddies in the international community. History shows that democracy changes society. I would like to cite Japan as a model case."

President George W. Bush referred to Prime Minister Koizumi and Japan in his speech and a subsequent question-and-answer session in Ohio March 20.

Bush cited Koizumi and Japan in explaining the purpose of the Iraq war, which raised the question whether democracy would take root in the Middle East.

Bush noted:

"If someone here said 60 years ago, 'Don't worry. Japan will become peaceful someday. The 43rd President will discuss ways to maintain peace.' Then people would say, 'What is he thinking about? Get him off the podium.'"

Fully aware of the difference between Iraq and postwar Japan, Bush cited Japan as a successful example of yesterday's enemy becoming today's ally. This also indicated that he had no other convincing arguments to cite regarding his Iraq policy, which has been taking a heavy toll on his popularity.

Japan-US relations have been straining due to the realignment of US forces in Japan, suspended US beef trade, Japan's planned withdrawal of SDF troops from Iraq, and other matters. Despite that, bilateral relations are not in a critical situation owing largely to Prime Minister Koizumi's presence and President Bush's view that Japan can serve as a model for Iraq.

5) Cabinet support rate recovers to 46% in Asahi poll; 59% of public want Nagata to quit Diet seat

ASAHI (Page 2) (Excerpts)
March 21, 2006

In a nationwide opinion survey carried out by the Asahi Shimbun March 18-19, the Koizumi Cabinet support rate registered 46%, with a non-support rate at 38%. The Prime Minister has recovered from the previous poll in February when the support rate was 43% and the non-support rate 41%. In addition, 59% of the public called for the resignation of Lower House Minshuto (Democratic Party of Japan) lawmaker Hisayasu Nagata, who used a fake e-mail to pursue the Liberal Democratic Party in the Diet.

Asked if they thought Minshuto had the capability of running the government, 68% said, "I don't think so." In the background of the recovery of the Cabinet's support rate seems to lie the incompetent handling of Diet affairs by Minshuto, as seen in the

e-mail fiasco.

6) Opinion poll on choice for prime minister after Koizumi: 47% favor Abe; 20% pick Fukuda, with 5% for Aso, 4% for Tanigaki

ASAHI (Page 1) (Full)
March 21, 2006

The Asahi Shimbun carried out a nationwide poll on March 18-19 to
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query the public on who was the most popular candidate to succeed Junichiro Koizumi as prime minister. The result found 47% choosing Chief Cabinet Secretary Shinzo Abe as the top choice, followed by former chief cabinet secretary Yasuo Fukuda, with 20%.

The question of who is most appropriate to be the next prime minister had five choices: one of the four known candidates and a fifth "other person." Abe and Fukuda were much higher than the third contender, Foreign Minister Taro Aso, who had 5% support, and Finance Minister Sadaichi Tanigaki, with 4%.

In a poll taken right after the Cabinet reshuffle last October, the candidates were not yet lined up, so respondents had free choice to choose anyone from the Diet except Koizumi. The result was that 33% favored Abe, while 5% chose Aso, and 3% picked Minshuto President Seiji Maehara. Fukuda and Tanigaki only received 2% each. In a similar question in the January poll, Abe got 28%, Fukuda 5%, Aso 2%, and Maehara and Tanigaki had one % each. Fukuda was a distant second in the poll.

This time, with the names of the candidates settled, respondents were asked to choose one from the group, with Abe again maintaining his top lead, though still shy of a majority. But Fukuda has jumped right up in the poll. Although Abe remains overwhelmingly strong in the eyes of the public as a favorite, the public's awareness of Fukuda's existence (as a serious contender) has risen.

However, looking only at the LDP supporters, who have a deep connection with the LDP presidential election, Abe is the highest with 61% support, followed by Fukuda with a mere 15%.

7) Asahi poll: 78% of public "cannot accept" Japan's share of cost of moving US Marines to Guam

ASAHI (Page 2) (Full)
March 21, 2006

In a nationwide opinion survey carried out by the Asahi Shimbun (March 18-19), one of the questions was on the request by the United States for Japan to pay approximately 900 billion yen to build facilities and otherwise fund the relocation of US Marines from Okinawa to Guam. The poll found a deep-seated critical view of Japan bearing this great a fiscal burden, with 78% of the respondents picking the answer, "I cannot accept it." Only 14% chose the answer "I can accept it."

No matter what age bracket, over 70% were unconvinced that Japan should bear such a burden. Among supporters of the Koizumi Cabinet and of the ruling Liberal Democratic Party (LDP), as well, 72% in each category found the proposed burden sharing unacceptable. Moreover, 84% of women found such a fiscal burden unacceptable, compared to 73% of men with a similar view. Men over 50 tended to be somewhat more willing to accept the fiscal burden, but even in that category, the portion was less than 30%.

The poll also confirmed a growing mood of opposition to the realignment of US forces in Japan, as seen in recent moves by the City of Nago in Okinawa Prefecture and the City of Iwakuni in Yamaguchi Prefecture, both sites of planned relocations of bases or troops. On the relocation issue, 27% of respondents replied, "It should be the central government's decision to go forward,"

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far less than the 63% who answered, "It should be premised on the agreement of local communities." Even among LDP supporters, a majority urged that local agreement take precedent. Based on age brackets, the poll found this trend quite strong among young people in their 20s.

8) Koizumi OK's slight changes, if feasible, to Futenma relocation plan

ASAHI (Page 1) (Abridged)
March 22, 2006

Prime Minister Koizumi yesterday met at his office with Defense Agency Director General Nukaga to talk about the planned realignment of US forces in Japan. During the meeting, Koizumi indicated that he would accept modifications, if feasible, to the government's plan to relocate the heliport functions of the US Marine Corps' Futenma Air Station in the city of Ginowan, Okinawa Prefecture, to a coastal area across the cape of Henoko in the island prefecture's northern coastal city of Nago. Koizumi was negative about retouching the relocation plan but is now deemed to be flexible. Meanwhile, Nukaga met with Nago Mayor Yoshikazu Shimabukuro in Tokyo yesterday evening and told the mayor that the government would be ready to modify the plan if possible. Nukaga and Shimabukuro agreed to work out an alternative idea this week.

In the meeting, Koizumi and Nukaga discussed how to coordinate with Nago City and Okinawa Prefecture. They confirmed three points: 1) the government, based on its plan, will proceed with local coordination; 2) the government will not rule out the possibility of modifying the plan; and 3) there must be a feasible plan. Koizumi has given his ruling Liberal Democratic Party and Nukaga a free hand to coordinate with local authorities within the scope of these three preconditions, officials said.

9) Futenma relocation: Government to make slight changes to coastal plan; Nago City appreciates changes; Government, Nago Mayo to meet again today

MAINICHI (Page 1) (Excerpts)
March 22, 2006

Prime Minister Junichiro Koizumi yesterday met with Defense Agency Director-General Fukushima Nukaga at his official residence and on the planned relocation of the US military's Futenma Air Station to the coastal line of Camp Schwab as agreed on by Japan and the United States, he decided to accept slight changes to the relocation plan, for instance, constructing the planned runway at a site slightly closer to the ocean side, in an effort to obtain local understanding. Koizumi also confirmed his determination not to accept a shallow water plan as called for by Nago City, Okinawa Prefecture, thus refusing to add a drastic change to the present relocation plan. Late yesterday, Nukaga met with Nago Mayor Yoshikazu Shimabukuro at a Tokyo hotel and conveyed this government policy to the mayor. Shimabukuro again made it clear he would oppose the coastal plan, but appreciated an addition of slight changes to the plan and agreed to hold talks again with the JDA today.

10) Government agrees to minor changes to Futenma plan, but local communities continue uncompromising position

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TOKYO SHIMBUN (Page 2) (Full)
March 22, 2006

The government decided yesterday to make minor changes to its plan to relocate US Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture, to a coastal area of Camp Schwab in Nago. The proposal would include a change in the location and angle of the planned runway. By indicating a compromising stance, the government aims to win the cooperation of local communities affected by the relocation.

The Nago municipal and Okinawa prefectural governments, though, have stood fast on their position opposed to the government's plan. It is likely to take time to obtain understanding from them.

The central and local governments have been at loggerheads over a relocation site. The Nago municipal government is calling for relocating the air station to waters off Camp Schwab in hopes of reducing noise and producing economic effects. Meanwhile, the central government would like to push through with the coastal plan. Keeping in mind the experience in which a plan to relocate the air station to waters off Henoko district in Nago was deadlocked due to protest activities, the government is willing to construct the alternative facility in the US camp, which is closed to all unauthorized people.

The US has asked Japan to start construction work at an early date on its responsibility. Although the government is aiming to move negotiations with local governments forward by making concessions, the light at the end of the tunnel is not in sight, with wide discrepancies in their positions.

11) Futenma relocation: Talks between Nukaga and Shimabukuro fail to find common ground on coastal plan; Talks to continue

NIHON KEIZAI (Page 2) (Excerpts)
March 22, 2006

Defense Agency Director-General Fukushima Nukaga held talks last night for about two and a half hours with Nago Mayor Yoshikazu Shimabukuro over the planned relocation of the US Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture. Nukaga urged the Nago mayor to accept the plan to relocate the air station to the coastline of Camp Schwab, as agreed upon between Japan and the United States. But Shimabukuro insisted on moving the airfield out to sea. The two failed to reach an agreement. Shimabukuro will continue holding talks with the Defense Agency today.

After his talks with the Nago mayor last night, the defense chief said to reporters:

"We have decided to come up with a certain direction before the end of this week. We have established a point of contact, and that carries significance. I believe the mayor is determined not to allow talks to break down. However, views between the government and Mayor Shimabukuro are still wide apart."

Shimabukuro also noted: "The talks did not go anywhere. I explained the scope of what Nago would allow."

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Prior to his talks with Shimabukuro, Nukaga met with Prime Minister Junichiro Koizumi at his official residence, and the two confirmed a policy direction of proceeding with local coordination basically in line with the Camp Schwab coastal plan. After his talks with Koizumi, Nukaga left some room for changes to the plan by saying to the press, "It's not that the government will not budge an inch."

With his talks with Shimabukuro later in the day in mind, Nukaga obviously used an expression a bit different from the government's previous position of not revising the plan. Around that time in Naha, Shimabukuro held talks with Okinawa Gov. Keiichi Inamine, and the two agreed to reject LDP policy chief Hidenao Nakagawa's proposal to make minor changes to the Camp Schwab plan.

Difficult coordination with local municipalities has given rise to new plans in the Foreign Ministry and the ruling coalition to make some changes, such as altering the direction of the planned runway. But the Defense Agency is dismissive of making any changes. Even though Japan and the US reached an agreement in 1996 to relocate Futenma Air Station, the government was never

able to begin an environmental assessment, a prerequisite for relocation work. Learning bitter lessons from it, the agency fears that minor changes would elicit additional changes and the matter would eventually get out of hand.

12) How will "minor changes" be made in the Futenma relocation plan? Will there be change in the angle of the runway? Or will there be a major shift toward the ocean side?

SANKEI (Page 2) (Excerpts)
March 22, 2006

With only 10 days left until the end of March deadline for conclusion of the final agreement on the relocation of US forces in Japan, the government has turned sharply and will now allow a revision of the plan to relocate the US Marines' Futenma Air Station (Ginowan City, Okinawa Prefecture). The Defense Agency (JDA), too, which has been adamant about sticking to the Camp Schwab coastal plan (Nago City), has ended its resistance to revising the plan, faced with pressure from all sides. But even though the word "revision" has been uttered, difficulties are expected in the efforts to bridge the gulf between the government, that want a land-based plan, and the local community, that wants an ocean-based plan.

Surprise

"That statement came as a surprise to me," a government source who favors accepting a revision in the plan admitted, referring to the remark made by Liberal Democratic Party (LDP) Policy Research Council Chairman Hidenao Nakagawa. He was referring to this statement by Nakagawa on a news program on March 19: "I can't say that there won't be any (revision). Efforts to some degree are conceivable during coordination with local governments." For the government's side to hear the subject broached of revising the coastal plan was like a thunderbolt out of the sky.

Three days earlier, the government agreed in a meeting of cabinet

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ministers connected to USFJ realignment to consider the possibility of a revision based on the wishes of Nago City. With Nakagawa's statement as the trigger, the government and ruling camp have speeded up their work on a revision.

But the gap between the central and local governments is huge, with the government only willing to make "minor revisions" in the plan.

13) US military to disperse flight training missions to 6 mainland bases from Kadena, other bases

OKINAWA (Page 2) (Abridged)
March 22, 2006

The Defense Facilities Administration Agency yesterday briefed local government officials on the ongoing intergovernmental consultations between Japan and the United States on the planned realignment of US forces in Japan. In yesterday's briefing, the DFAA told local authorities that the government would make efforts to disperse US military aircraft's flight training missions from Kadena airbase in Okinawa Prefecture and other bases to six mainland bases this fall and afterward and to other mainland bases in the future. The government has set a ceiling to the number of days for bilateral joint training exercises at each, and the US military conducts flight training within the limits of each base's ceiling. However, the DFAA told them that the government would like to remove the current ceiling of flights.

According to the DFAA's account, the government will propose dispersing US fighter jets' training from three US bases at Kadena, Misawa in Aomori Prefecture, and Iwakuni in Yamaguchi Prefecture to five Air Self-Defense Force bases at Chitose in Hokkaido, Hyakuri in Ibaraki Prefecture, Komatsu in Ishikawa

Prefecture, Tsuiki in Fukuoka Prefecture, and Nyutabaru in Miyazaki Prefecture, and also to Misawa.

The US military will start some flight training missions in the fall of 2006 and then full-fledged training in fiscal 2007. The DFAA also revealed that the Japanese and US governments have agreed to make efforts for the availability of other Self-Defense Forces bases.

14) Japan to propose loan-based funding for Marine relocation to Guam

ASAHI (Page 2) (Abridged)
March 22, 2006

Japan will loan money to the United States in order to share the cost of moving US Marines from Okinawa to Guam in the realignment of US forces in Japan, according to the government's determined course of action. This loan-based funding formula is mainly intended to cover housing construction in Guam. Senior officials from the Japanese and US governments will meet tomorrow in Tokyo to hold realignment talks on a two-day schedule. On that occasion, the Japanese government would like to propose such loan-based funding. The government deems it easy to obtain public understanding for this loan-based cost sharing since it can constrain Japan's fiscal burden. However, the United States has asked Japan to shoulder housing and other infrastructural costs.

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It is unclear if the two countries can concur.

The Japanese government plans to cover housing for US Marines and their family dependents. Its affiliated banking institution first invests in a US business for housing construction and management. The US government pays back to the Japanese government on an accrued repayment basis from its coffers, including rents to be paid by US Marines. This system is called public-private partnership or PPP for short.

15) Government to extend MSDF's Indian Ocean mission for six months; GSDF troops to leave Iraq first

TOKYO SHIMBUN (Page 1) (Excerpts)
March 21, 2006

The government began coordination yesterday to extend the basic deployment plan to allow Maritime Self-Defense Force (MSDF) personnel to continue refueling foreign vessels in the Indian Ocean beyond May 1 in accordance with the Antiterrorism Special Measures Law. The government intends to extend the deadline for six months until November 1.

The basic deployment plan was been extended every six months. The government was planning to withdraw MSDF troops without renewing the deployment plan in accordance with Prime Minister Junichiro Koizumi's intention to withdraw all SDF troops from overseas in May or later.

But now that Ground Self-Defense Force troops may begin leaving Iraq as early April, a cautious view has surfaced about terminating the MSDF's mission at around the same time. As a result, the government has decided to extend the MSDF's mission in the Indian Ocean, which has won a good reputation from other countries, and withdraw GSDF troops from Iraq first.

16) US increasingly irritated with Japan's prolonged ban on US beef imports; Beef issue may become trade issue; Prospect of resuming beef imports not in sight due to Japan's cautiousness

YOMIURI (Page 11) (Excerpts)
March 22, 2006

By Tatsuya Watanabe

Japan reinstated its ban on US beef imports in January after backbones were found in US beef shipments to Japan. The dispute

between the United States and Japan is deepening, as the US is urging Japan to reopen its beef market quickly while Japan remains cautious. Concerns are emerging that if this issue is prolonged, it could turn a serious trade dispute.

The US reply released on March 20 by the Ministry of Agriculture, Forestry, and Fisheries (MAFF) and the Health Ministry indicates that the reason why bones were mixed in beef shipments to Japan was that "the inspector was unaware that the plant was an authorized facility for beef exports to Japan." The US in its reply insists "that is not something that shows weakness in the US export system," noting that the plant in question has been decertified and the inspector in question is receiving training.

But on the same day, Administrative Vice Agriculture Minister

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Ishihara indicated a cautious position about reopening the beef market to the US, saying: "We need to provide consumers with various levels of information in order to secure transparency. It's important to respond carefully to the matter. It's inadequate to deal with the issue based on a political decision." He said he plans to hold a meeting of Japanese and US experts in Japan and listen to details of the matter from them.

The discovery of bones in beef shipments to Hong Kong after Japan has also made Japan distrustful of the US export system. Many in the ruling parties have come around to the view of Liberal Democratic Party lawmakers affiliated with farm organizations that the US is to blame and that Japan should closely probe the matter. Japan's ban on US beef imports is likely to be prolonged.

The US is increasingly irritated with Japan's response. In a meeting on March 18 with Foreign Minister Aso, US Secretary of State Rice expressed strong discontent, arguing: "Isn't Japan going too far?" US Ambassador to Japan Thomas Schieffer also pointed out in a speech that if the ban on US beef imports becomes protracted, it is possible that the US Congress will run out of patience and that the issue will turn into a trade war." As shown in the use of the provocative term "trade war" to shake Japan, the US is apparently shifting to a hard-line stance.

17) Japan, US remain divided over issue of US beef shipment containing banned materials; Washington pressuring Japan to quickly resume imports

TOKYO SHIMBUN (Page 9) (Excerpts)
March 21, 2006

The US government yesterday unveiled its written replies to Japan's questions about the incident in which vertebral columns, a banned material due to the risk of BSE, were found in a US beef shipment to Japan. The US replies reiterated its view that the incident was a "unique case." While asserting there was no problem in the inspection system itself, Washington is ratcheting up its pressure on Japan to reopen its market to US beef at an early date. Reflecting the gap between their positions, both sides now expect to face stormy negotiations.

Tokyo in its questionnaire asked Washington to uncover the cause of the incident in detail, noting: "Problems at each stage should be sorted out in a comprehensive way and examined in detail." But the US in its replies noted: "The US has already singled out problems and taken appropriate preventive measures." Citing the reason that the responsible inspector did not know about the export conditions, the US report spelled out measures to thoroughly train inspectors.

The US government plans to dispatch experts to Japan this week to explain the measures it plans to take to prevent a recurrence of a similar incident in an effort to urge Japan to resume US beef imports.

18) Johannis: USDA has responded "swiftly and thoroughly" to Japan's beef questions

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Jun Kimura, Washington

Commenting on the replies the US has made to Japan's questions about the issue of a specified risk material found in a US beef shipment to Japan, Agriculture Secretary Mike Johanns emphatically stated on March 20: "We responded to Japan's questions as swiftly and thoroughly as possible." Speaking before reporters in Washington, he added: "I hope Japan will resume US beef imports at an early date."

The agriculture secretary said, "The incident was a unique case," reiterating his view that there was no problem in the US inspection system. He added: "I would like to discuss the next step with Japanese officials. If necessary, we will dispatch an expert team to Japan overnight." He thus expressed his desire to move the process of Japan's resumption of US beef imports forward.

Johanns also emphasized the need for Japan's early resumption of imports in order to prevent calls for sanctions against Japan from growing stronger, saying: "Dissatisfaction in the US Congress is intensifying. The situation might become unpredictable."

19) Meeting of JCP and SDP top leaders to occur for first time in 28 years to prevent constitutional amendments

YOMIURI (Page 4) (Excerpts)
March 22, 2006

Japanese Communist Party (JCP) Central Committee Chairperson Kazuo Shii and Social Democratic Party (SDP) head Fukushima will hold talks tonight. Fukushima accepted Shii's request for a meeting. Shii aims to forge a coalition with the SDP to prevent constitutional reform. The leaders of the two parties will meet for the first time in 28 years since one was held in 1978 between JCP head Kenji Miyamoto and then Japan Socialist Party Chairman Kazuo Asuka.

Shii and Fukushima will exchange views over dinner at a Tokyo restaurant on measures to deal with a national referendum bill that would set procedures for amending the Constitution. Senior members of the two parties will join the session.

The two parties have been unable to mount joint efforts in the Diet ever since the then Japan Socialist Party set a policy course in 1980 of excluding the JCP and forming a coalition government with the New Komeito. In 1999, they worked as together to oppose the Japan-US defense cooperation guideline bills, but their leaders never met.

The reason for the two parties having planned the meeting is because the Liberal Democratic Party (LDP), New Komeito and the largest opposition party Minshuto (Democratic Party of Japan) have formulated their own proposals for constitutional reform and are working on ironing out differences of opinions within their parties. The three parties hold more than two-thirds of the seats in the Diet seats -- and thus have the required number for proposing constitutional amendments. The JCP and SDP, therefore, have no choice but to cooperate with each other in a bid to oppose constitutional reform.

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20) Chief Cabinet Secretary Abe rebuts Foreign Minister Aso: "I talk about economic issues almost every day"

YOMIURI (Page 4) (Full)
March 21, 2006

Foreign Minister Taro Aso told reporters in Sydney, "I have never seen Mr. Abe talk about his economic policy." At a regular press conference on March 20, Chief Cabinet Secretary Shinzo Abe took issue with Aso's remark, arguing,

"Since I'm the government spokesman, I'm not in a position to talk about my personal economic policy. But I talk about the government's economic policy almost twice a day (at press briefings). What I state is the road that the Koizumi government should take on economic policy."

21) Former Minshuto head Okada meets with Taiwan President Chen

TOKYO SHIMBUN (Page 22) (Full)
March 22, 2006

Katsuya Okada, former president of the main opposition party Minshuto (Democratic Party of Japan), now visiting Taiwan, met on March 21 with Taiwan's President Chen Shui-bian for about one hour at the Presidential Office in Taipei. The pair exchanged views on Taiwan-Japan relations among other issues.

During the meeting, Okada revealed anew his party's position of supporting the 1972 Japan-China joint statement. He also stressed that his party strongly opposes China's use of force against Taiwan but it does not support Taiwan's independence.

According to Okada, Chen told him that Taiwan would need to enhance its defense capability, since China has stepped up pressure on Taiwan through an increasing number of missiles. He also said to Okada that he would do his utmost to protect Taiwan during his term of office, which has about two years remaining.

22) METI to present to CEFP real growth target of more than 2%

NIHON KEIZAI (Page 3) (Full)
March 22, 2006

The Ministry of Economy, Trade, and Industry (METI) has decided to include in a new economic growth strategy, which it will shortly present to the Council on Economic and Fiscal Policy (CEFP), an economic growth target of more than 2% in real terms. METI plans to include a projection that even if the nation's population drops, it is possible to raise growth potential through technological advances, streamlining in the services sector, and the effective use of information and technology (IT).

The target METI will present is for a real growth rate in 2015. METI Minister Toshihiro Nikai will present it at a CEFP meeting on March 29. Government officials remain at odds over the future growth rate, a prior condition for charting the course of fiscal reconstruction. Internal Affairs and Communications Minister Heizo Takenaka has called for setting a nominal growth target of 4% -5% by adding price increases of about 2% to a real growth rate of about 2%. On the other hand, State Minister for Economic and Fiscal Policy Hajime Yosano has indicated a slightly lower

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growth rate of about 3%, premised on real growth well above the 1% level.

METI has also constructed a third scenario in which if necessary measures are taken, the real growth rate will top all projections. In drafting the third scenario, METI assumed strengthened development of human resources, including the use of older engineers, as well as technological innovation and improved productivity through the use of IT.

SCHIEFFER